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Schools

LEGISLATIVE ANALYSIS SERIES

INDIANA COLLECTION

MARCH, 1955



ANALYSES OF SELECTED SCHOOL LAWS

Indiana State Teachers' Minimum Salary Act, 1955

Section 2(e) of Appropriation Act, 1955

Indiana State Teachers' Retirement Fund Act, 1955

Indiana Public Employees Social Security Integration and
Supplemental Retirement Benefits Act, 1955

Research Service

INDIANA STATE TEACHERS ASSOCIATION

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LEGISLATIVE ANALYSIS SERIES, MARCH, 1955

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FOREWORD

The Research Service has prepared two series of legislative publications at the close of each session of the Indiana General Assembly since 1945 for the use of school people who are interested in securing information concerning school laws enacted.

In accordance with this policy the Research Service has prepared this publication, Legislative Analysis Series, March, 1955, which provides analyses of the following four laws enacted by the Eighty-Ninth Indiana General Assembly:

Indiana State Teachers' Minimum Salary Act, 1955
Section 2(e) of Appropriation Act, 1955
Indiana State Teachers' Retirement Fund Act, 1955
Indiana Public Employees Social Security Integration and Supplemental Retirement Benefits Act, 1955

The Legislative Analysis Series, which is available to any teacher upon request, is widely distributed to school people who are particularly interested in the school laws analyzed therein.

The second legislative publication prepared by the Research Service, The School Law Series, is given a more limited distribution and is intended for the use of school administrators and other professional leaders whose interests extend to a larger number of the school laws enacted.

The School Law Series, March, 1955, presents the texts of those school laws enacted by the Eighty-Ninth Indiana General Assembly considered to be of major interest to school people. The texts presented in The School Law Series are photographically copied from the official print of the Acts. Through the use of this process of reproduction the possibility of typographical or textual errors is eliminated. The texts included in The School Law Series have been arbitrarily numbered for reference purposes. The Table of Contents indicates for each of the texts the Bill Numbers and the Chapter Numbers by which the texts may be located when the 1955 Acts are published.

The Legislative Analysis Series and The School Law Series were originally developed as publications of the Research Service to provide information concerning school laws enacted just as soon as possible after the close of each legislative session. Many school people had theretofore been unable to secure this information prior to the printing of the official Acts and their subsequent promulgation which was usually several months following the adjournment of the Indiana General Assembly.

Requests for these legislative publications and reports from school people throughout the State who have used them indicate that even after the official Acts have become available, these publications have been used far more extensively than had been anticipated originally. Additional copies have been requested frequently by superintendents for school board members and school attorneys. These publications have also been used extensively in classes in Indiana school law in our higher institutions.

It is hoped that the 1955 editions of these legislative publications will provide in a convenient and usable form the information needed by teachers, administrators, and other professional leaders concerning the school laws enacted by the Eighty-Ninth Indiana General Assembly.

Burley V. Bechdolt
Director of Research

Research Service

LEGISLATIVE ANALYSIS SERIES

Analysis No. 1

INDIANA STATE TEACHERS' MINIMUM SALARY ACT, 1955
(S.B. 219 - H. Steele, Eichhorn)
(Acts, 1955, Chapter 179, Approved March 9, 1955)

Synopsis

This Act amends Sections 1 and 2 of Chapter 293 of the Acts of 1951. The original Act, which was Chapter 231 of the Acts of 1945, has been amended as follows:

- Chapter 358 of the Acts of 1947 amended Sections 1 and 3 of Chapter 231 of the Acts of 1945.
- Chapter 224 of the Acts of 1949 amended Section 1 of Chapter 358 of the Acts of 1947.
- Chapter 293 of the Acts of 1951 amended Sections 1 and 2 of Chapter 224 of the Acts of 1949.
- Chapter 179 of the Acts of 1955 amended Sections 1 and 2 of Chapter 293 of the Acts of 1951.

This Act specifies the minimum salaries to be paid teachers; defines the terms "teacher" and "substitute teacher"; specifies minimum provisions for compensating teachers during periods of personal illness or quarantine and for death in the immediate family; empowers the Training and Licensing Commission of the State Board of Education to prescribe certain training requirements for teachers seeking to qualify for the first time for Classification under Schedule 3 (4 years of training) and Schedule 4 (5 years of training) of this Act; repeals all laws or parts of laws in conflict herewith; and provides that this Act shall be in full force and effect on and after August 2, 1955.

Analysis

The following are the major provisions of this Act:

1. The provisions of this Act shall be in full force and effect on and after August 2, 1955.
2. This Act provides that the term "teacher" as used in this Act shall be construed, in addition to other qualifications and prescriptions provided in Chapter 231 of the Acts of 1945 and other Acts of the General Assembly of the State of Indiana, to include all persons working in or for the kindergarten, elementary, and secondary grades of all schools of this State supported by public taxation heretofore and hereby required by law to secure the proper kind and grade of license as determined by the Licensing Board of the State Department of Education as a prerequisite to the performance of such work.
3. The term "substitute teacher" shall include those teachers working in the public schools for not more than 6 weeks during any one school year and who hereafter may be employed without a written contract.

4. The basic minimum salaries to be paid teachers as defined above shall be not less than the amounts prescribed by this Act for specified years of professional training and teaching experience.
5. While the basic minimum salaries are described in terms of 9 months of teaching service, this Act provides that if the school term, contract, or appointment in any school corporation be more or less than 9 months, the basic salary shall be proportionately increased or decreased.

If the length of the school term, contract, or appointment is more or less than 9 months, the 9 months' basic salary should be proportionately increased or decreased as follows:

- a. Divide the given length of school term, contract, or appointment by 9 to secure an adjustment factor (Round to five decimal places).
- b. Multiply the 9 months' basic salary by the adjustment factor to adjust the 9 months' basic salary to the length of the school term, contract, or appointment.
- c. Express the adjusted basic salary thus computed in even dollars by dropping a minor fraction and adding to a major fraction so as to make even dollars.

This Analysis includes tables showing the state minimum salaries that must be paid for school terms, contracts, or appointments of 9 months (p. 5), 8 1/2 months (p. 6), and 8 months (p. 7). A table showing the monthly equivalents of the 9 months' basic schedule is included on page 8 of this Analysis. However, basic minimum salaries for any school term, contract, or appointment of more or less than 9 months should be computed as indicated above in paragraph 2 of point 5 of this Analysis.

6. In fixing the annual salaries of teachers, (as defined in this Act) for purposes of contracting therewith and for the purpose of making distributions of state funds, minor fractions of a dollar shall be dropped and major fractions added so as to make even dollars.
7. Computation of the minimum salary to be paid a teacher (as defined herein) shall be made each year on the basis of training, experience, and degree completed as of the first day of service.
8. Each teacher shall be entitled to be absent from work without loss of compensation as follows:
 - a. On account of illness or quarantine for a total of 7 days each year.
 - b. If in any one school year the teacher shall be absent for such illness or quarantine less than 7 days, the remaining days up to a total of 7 shall be accumulative to a total of 60 days.
 - c. Accumulative days accrued to the teacher as of the effective date of this Act (August 2, 1955) shall be credited to the teacher.

- d. For death in the immediate family for a period extending not more than 5 days beyond such death.
9. The established wage for substitute teachers as defined in point 3 above shall be fixed by local school authorities at a figure not less than \$6.00 per day.
10. Teachers who have completed 144 weeks of professional training in accordance with Rule 34a of the Teacher Training and Licensing Commission of the State Board of Education, which rule is reproduced below, qualify for classification under Schedule 3 (4 years of training) of this Act.

Rule 34a*

"Four years or 144 weeks of professional training shall require not less than 120 semester hours or 192 term or quarter hours of training, earned in a standard university or college, accredited by the Commission on Teacher Training and Licensing. Such training shall follow the patterns of Teacher Training and Licensing, established in Bulletins 94 and 148 of the State Board of Education and/or Revised Rules 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, and the Revised Exhibits attached thereto, established by the Commission on Teacher Training and Licensing, which became effective September 9, 1946, at 10:55 A.M. The term 'weeks of training' shall be interpreted by the standard established by the Commission on Teacher Training and Licensing in Rule No. 12 which became effective May 22, 1946, and revised January 30, 1948, and reads as follows: 'A semester or quarter hour of credit earned in Indiana colleges and universities expressed in terms of weeks of professional training is as follows:

- (1) A Bachelor's Degree from one standard institution is the equivalent of a Bachelor's Degree from any other institution.
- (2) One-fourth ($1/4$) of the number of hours of credit required for a degree represents thirty-six (36) weeks of training. Therefore, one-thirty-sixth ($1/36$) of one-fourth ($1/4$) of the total number of hours required for a degree represents one week of training."

11. Teachers who have completed 180 weeks of professional training in accordance with Rule 34b of the Teacher Training and Licensing Commission of the State Board of Education (which includes the completion of the Bachelor's Degree), which rule is reproduced below, qualify for classification under Schedule 4 (5 years of training) of this Act.

Rule 34b**

"One hundred eighty weeks of training shall be interpreted to mean not less than 150 semester hours of credit or 240 term or quarter

*From Bulletin No. 200, 1948, The Administrative Handbook for Indiana Schools, Indiana State Department of Public Instruction, pp. 51-52.

**From Bulletin No. 200, 1948, The Administrative Handbook for Indiana Schools, Indiana State Department of Public Instruction, p. 52.

hours of credit in a standard college or university accredited by the Commission on Teacher Training and Licensing.

"Classification for five years or 180 weeks of professional training shall require a Bachelor's Degree plus 36 weeks of professional training in the case of any teacher who has heretofore qualified for this classification according to the report of the school corporation record in the office of the Indiana State Department of Education on or before June 1, 1947.

"On or after June 1, 1947, any teacher who qualifies for the first time for five years or 180 weeks of professional training shall have a Bachelor's Degree plus 30 or more semester hours of training or 48 or more quarter hours of training, of which 18 or more semester hours or 28 or more quarter hours shall be on the graduate level. None of the above additional hours of credit shall have been counted in meeting the requirements for the Bachelor's Degree.

"Provided further, that in case a holder of the Bachelor's Degree from a standard college or university shall qualify for an elementary certificate authorized under Item c of revised Rule No. 14, the 30 semester hours accepted under said rule, shall be counted as the equivalent of the 5th year or the completion of 180 weeks of training, and also for the issuance of a general elementary certificate ... [E]arned on the conversion plan.

"Provided, however, that in the case of Library Science 30 semester hours above the Bachelor's Degree, of which a minimum of 18 semester hours is in Library Science, can be counted as the equivalent of the 5th year or the completion of 180 weeks of training. A Bachelor of Library Science Degree when based upon five years of training will be recognized as equivalent to a Master's Degree.

"Provided, further, that in the case of Trade and Industry Teachers, 36 or more weeks above the Bachelor's Degree shall be in courses qualifying for credit under Smith-Hughes regulations."

12. Pursuant to the authority hereby granted to establish the various kinds and grades of licenses and the qualifications therefor, the Bachelor's Degree from an accredited teacher educating institution may, after September 1, 1950, be required by the Training and Licensing Commission of the State Board of Education for all teachers seeking to qualify for the first time for classification under Schedule 3 (4 years of training) and likewise the Master's Degree may be required for teachers seeking to qualify for the first time for classification under Schedule 4 (5 years of training). However, five years of training shall in no case be recognized unless at least the Bachelor's Degree shall have been completed.

INDIANA STATE TEACHERS' MINIMUM SALARY SCHEDULE, 1955

(9 Months' Basis)

Years of Experience	Years of Training			
	2 Years or Less	3 Years	4 Years*	5 Years or More**
(1)	(2)	(3)	(4)	(5)
0	\$2,187	\$2,412	\$2,727	\$2,727
1	2,223	2,448	2,790	2,799
2	2,259	2,484	2,853	2,871
3	2,295	2,520	2,916	2,943
4	2,331	2,556	2,979	3,015
5	2,367	2,592	3,042	3,087
6	2,403	2,628	3,105	3,159
7	2,439	2,664	3,168	3,231
8	2,475	2,700	3,231	3,303
9	2,511	2,736	3,294	3,375
10	2,547	2,772	3,357	3,447
11	2,583	2,808	3,420	3,519
12	Increments 11 @ \$36	Increments 11 @ \$36	3,483	3,591
13			3,546	3,663
14			3,609	3,735
15			3,672	3,807
16			3,735	3,879
17			Increments 16 @ \$63	3,951
18				4,023
19				4,095
20				4,167
21				4,239
22				4,311
23				4,383
24				4,455
25 & Over				4,527
				Increments 25 @ \$72

* Includes at present all teachers who have completed 144 weeks of professional training as defined in point 10 of this Analysis, page 3. However, after September 1, 1950, the Training and Licensing Commission of the State Board of Education may require the Bachelor's Degree of all teachers seeking to qualify for the first time for classification under Schedule 3 (4 years of training).

** Includes at present all teachers who have completed 180 weeks of professional training as defined in point 11 of this Analysis, page 3, including the completion of the Bachelor's Degree. However, after September 1, 1950, the Training and Licensing Commission of the State Board of Education may require the Master's Degree of all teachers seeking to qualify for the first time for classification under Schedule 4 (5 years of training).

INDIANA STATE TEACHERS' MINIMUM SALARY SCHEDULE, 1955

(8 1/2 Months' Basis)

Years of Experience	Years of Training			
	2 Years or Less	3 Years	4 Years*	5 Years or More**
(1)	(2)	(3)	(4)	(5)
0	\$2,065	\$2,278	\$2,575	\$2,575
1	2,099	2,312	2,635	2,643
2	2,133	2,346	2,694	2,711
3	2,167	2,380	2,754	2,779
4	2,201	2,414	2,813	2,847
5	2,235	2,448	2,873	2,915
6	2,269	2,482	2,932	2,983
7	2,303	2,516	2,992	3,051
8	2,337	2,550	3,051	3,119
9	2,371	2,584	3,111	3,187
10	2,405	2,618	3,170	3,255
11	2,439	2,652	3,230	3,323
12	Increments 11 @ \$34	Increments 11 @ \$34	3,289	3,391
13			3,349	3,459
14			3,408	3,527
15			3,468	3,595
16			3,527	3,663
17			Increments 16 @ \$59.50 In Practical Application Alternately \$60 and \$59	3,731
18				3,799
19				3,867
20				3,935
21			Increments 16 @ \$59.50 In Practical Application Alternately \$60 and \$59	4,003
22				4,071
23				4,139
24				4,207
25 & Over				4,275
				Increments 25 @ \$68

* Includes at present all teachers who have completed 144 weeks of professional training as defined in point 10 of this Analysis, page 3. However, after September 1, 1950, the Training and Licensing Commission of the State Board of Education may require the Bachelor's Degree of all teachers seeking to qualify for the first time for classification under Schedule 3 (4 years of training).

** Includes at present all teachers who have completed 180 weeks of professional training as defined in point 11 of this Analysis, page 3, including the completion of the Bachelor's Degree. However, after September 1, 1950, the Training and Licensing Commission of the State Board of Education may require the Master's Degree of all teachers seeking to qualify for the first time for classification under Schedule 4 (5 years of training).

INDIANA STATE TEACHERS' MINIMUM SALARY SCHEDULE, 1955

(8 Months' Basis)

Years of Experience	Years of Training			
	2 Years or Less	3 Years	4 Years*	5 Years or More**
(1)	(2)	(3)	(4)	(5)
0	\$1,944	\$2,144	\$2,424	\$2,424
1	1,976	2,176	2,480	2,488
2	2,008	2,208	2,536	2,552
3	2,040	2,240	2,592	2,616
4	2,072	2,272	2,648	2,680
5	2,104	2,304	2,704	2,744
6	2,136	2,336	2,760	2,808
7	2,168	2,368	2,816	2,872
8	2,200	2,400	2,872	2,936
9	2,232	2,432	2,928	3,000
10	2,264	2,464	2,984	3,064
11	2,296	2,496	3,040	3,128
12	Increments 11 @ \$32	Increments 11 @ \$32	3,096	3,192
13			3,152	3,256
14			3,208	3,320
15			3,264	3,384
16			3,320	3,448
17			Increments 16 @ \$56	3,512
18				3,576
19				3,640
20				3,704
21				3,768
22				3,832
23				3,896
24				3,960
25 & Over				4,024
				Increments 25 @ \$64

* Includes at present all teachers who have completed 144 weeks of professional training as defined in point 10 of this Analysis, page 3. However, after September 1, 1950, the Training and Licensing Commission of the State Board of Education may require the Bachelor's Degree of all teachers seeking to qualify for the first time for classification under Schedule 3 (4 years of training).

** Includes at present all teachers who have completed 180 weeks of professional training as defined in point 11 of this Analysis, page 3, including the completion of the Bachelor's Degree. However, after September 1, 1950, the Training and Licensing Commission of the State Board of Education may require the Master's Degree of all teachers seeking to qualify for the first time for classification under Schedule 4 (5 years of training).

INDIANA STATE TEACHERS' MINIMUM SALARY SCHEDULE, 1955

(Monthly Equivalents of Basic Schedule)*

Years of Experience	Years of Training			
	2 Years or Less	3 Years	4 Years**	5 Years or More***
(1)	(2)	(3)	(4)	(5)
0	\$243	\$268	\$303	\$303
1	247	272	310	311
2	251	276	317	319
3	255	280	324	327
4	259	284	331	335
5	263	288	338	343
6	267	292	345	351
7	271	296	352	359
8	275	300	359	367
9	279	304	366	375
10	283	308	373	383
11	287	312	380	391
12			387	399
13	Increments 11 @ \$4	Increments 11 @ \$4	394	407
14			401	415
15			408	423
16			415	431
17				439
18			Increments 16 @ \$7	447
19				455
20				463
21				471
22				479
23				487
24				495
25 & Over				503
				Increments 25 @ \$8

* This table has been included for the convenience of school people who wish to ascertain the monthly equivalents of 9 months' basic minimum salaries. However, basic minimum salaries for any school term, contract, or appointment of more or less than 9 months should be computed as indicated in paragraph 2 of point 5 on page 2 of this Analysis.

** Includes at present all teachers who have completed 144 weeks of professional training as defined in point 10 of this Analysis, page 3. However, after September 1, 1950, the Training and Licensing Commission of the State Board of Education may require the Bachelor's Degree of all teachers seeking to qualify for the first time for classification under Schedule 3 (4 years of training).

*** Includes at present all teachers who have completed 180 weeks of professional training as defined in point 11 of this Analysis, page 3, including the completion of the Bachelor's Degree. However, after September 1, 1950, the Training and Licensing Commission of the State Board of Education may require the Master's Degree of all teachers seeking to qualify for the first time for classification under Schedule 4 (5 years of training).

LEGISLATIVE ANALYSIS SERIES

Analysis No. 2

APPROPRIATION FOR AND REGULATIONS GOVERNING STATE
DISTRIBUTIONS TO SCHOOL CORPORATIONS DURING THE
1955-57 BIENNIUM
(Sec. 2(e) of H.B. 2 - Baker, Maehling)
(Acts, 1955, Chapter 303, Approved March 11, 1955)

Synopsis

Section 2(e) of Chapter 303 of the Acts of 1955 (the Appropriation Act) provides appropriations totaling \$76,818,200 for the fiscal year 1955-56 and \$79,336,200 for the fiscal year 1956-57 or a total of \$156,154,400 for the 1955-57 biennium for distributions of State funds to local school corporations in accordance with the provisions of Chapter 247 of the Acts of 1949 with the exception of certain provisions which are suspended for the 1955-57 biennium by specific provisions of Section 2(e) of the 1955 Appropriation Act. The appropriations indicated above are totals of the specific appropriations provided in Section 2(e).

Analysis

As has been explained above, Section 2(e) of the Appropriation Act of 1955 merely suspends certain provisions of Chapter 247 of the Acts of 1949 during the 1955-57 biennium. At the close of the biennium all provisions of Chapter 247 of the Acts of 1949 which were suspended for the 1955-57 biennium by Section 2(e) of the Appropriation Act of 1955 will be in full force and effect and the provisions of Section 2(e) of the Appropriation Act of 1955 will expire.

The major provisions included in Section 2(e) of the Appropriation Act of 1955 are as follows:

1. Totals of Fiscal-Year Appropriations for the 1955-57 Biennium. Section 2(e) of the 1955 Appropriation Act provides appropriations totaling \$76,818,200 for the fiscal year 1955-56, and \$79,336,200 for the fiscal year 1956-57, or a total of \$156,154,400 for the 1955-57 biennium for distributions of State funds to local school corporations. These specific appropriations made in Section 2(e) of the 1955 Appropriation Act and set forth in points 2 and 3 below shall be in lieu of, and not supplemental to, the appropriation of State funds in Section 6 1/2 of Chapter 247 of the Acts of 1949 and the appropriations provided by Section 2(e) of this Act shall include all the funds from State sources heretofore appropriated to the State School Tuition Fund and shall not be in addition thereto.
2. Fiscal-Year Appropriations for the Teachers' Minimum Salary Program, for Supplemental Transfer Tuition, and for Equalization (Other Current Expenditures, Not Including Transportation). For the purpose of providing funds for distribution of State Funds to school corporations as provided in Chapter 247 of the Acts of 1949 there is hereby appropriated from the General Fund of the State of Indiana and from the State School Tuition Fund for the General Commission on Education the following appropriations to be used for the use and purpose of the teachers' minimum salary program, for supplemental transfer tuition, and the purposes as

set out in Chapter 247 of the Acts of 1949, not including transportation (i.e. equalization): for the fiscal year 1955-56 the sum of \$71,493,200, and for the fiscal year 1956-57, the sum of \$73,871,200, which appropriations total \$145,364,400 for the 1955-57 biennium.

- a. It is further provided that any monies distributed from the appropriations herein made for supplemental aid for transfer tuition by virtue of any rule or regulation concerning additional allowances for the payment of transfer tuition as have been or may be adopted by the General Commission of the State Board of Education pursuant to the provisions of Section 6, Chapter 247, Acts of 1949, and this Act shall not exceed \$375,000 for the fiscal year 1955-56, and \$400,000 for the fiscal year 1956-57, which limitation would allow a maximum of \$775,000 of supplemental aid for transfer tuition during the 1955-57 biennium.
3. Fiscal-Year Appropriations for Transportation. There is hereby appropriated from the General Fund of the State for pupil transportation purposes for the General Commission of the State Board of Education to be used for the purposes as set out in Section 4, Chapter 247 of the Acts of 1949, the following amounts: for the fiscal year 1955-56, the sum of \$5,325,000, and for the fiscal year 1956-57 the sum of \$5,465,000; thereby providing appropriations for transportation totaling \$10,790,000 for the 1955-57 biennium. The Auditor of State shall transfer, upon order of the State Board of Finance, from the General Fund of the State Treasury to the State School Equalization Fund, the amounts of money appropriated herein for the distribution(s) provided for in this Act.
 - a. It is further provided that from the above appropriations for transportation, monies distributed to local school corporations for supplemental aid for transportation in accordance with a uniform rule applicable throughout the State adopted by the General Commission of the State Board of Education shall not exceed \$100,000 for each fiscal year of the biennium.
4. Semi-Annual Distributions of Funds to Local School Corporations During the 1955-57 Biennium. A payment based on estimates shall be made on or before February 1 of each year, the basis for such estimates being the ratio of money available for said distribution to the preceding August 1 distribution; and the final settlement being made on or before August 1 of each year based on the annual report submitted by each school corporation on or before December 1 of each year covering the period from the beginning of the school year to October inclusive.
5. Disposition of Any Undistributed Balance at the Close of Each Fiscal Year. Any balance remaining after making the February 1, 1956 distribution shall be added to the appropriation for the 1956-57 fiscal year, and any balance remaining after making the February 1, 1957 distribution shall revert to the State General Fund immediately.

6. Adjustment Percentage Factor. The adjustment percentage factor provided in Section 5 of Chapter 247 of the Acts of 1949 shall be computed for and based upon the assessment ratio factor for each county in the State of Indiana in lieu of being computed for and based upon the assessment ratio factor for each school corporation of the State of Indiana.
7. Effective Date of Provisions of Section 2(e) of the Appropriation Act of 1955 and Suspension of Certain Provisions of Chapter 247 of the Acts of 1949. Any and all provisions of Chapter 247 of the Acts of 1949 which are in conflict with provisions of this Section 2(e) (the Appropriation Act) shall be considered as suspended for the period for which funds are appropriated herein but in all other respects said Chapter 247 of the Acts of 1949 shall be in full force and effect: Provided, however, that the distribution of funds to be made on or before August 1, 1955 from funds herein appropriated shall be made in accordance with the rules and regulations now in effect and the state minimum salary schedule in use for the 1954-55 school year and the first distribution under the formula set out in this Section shall be made on or before February 1, 1956.
8. Teaching Units. The number of teaching units for which a public school corporation may qualify for state support as provided in Chapter 247 of the Acts of 1949 shall be one unit for each 32 students in average daily attendance in any one school corporation in grades 1 to 8 inclusive. Each 28 students in average daily attendance in grades 9 to 12 shall be computed as one unit. If in determining the number of units in grades 1 to 8 inclusive and in grades 9 to 12 inclusive in any corporation there remains a fraction of pupils, a fractional unit shall be computed to the nearest tenth of a unit. The General Commission of the State Board of Education shall not have the authority to make an adjustment in such definition of a teaching unit.
9. Emergency Units. The Commission on General Education of the State Board of Education shall be limited in its authority to grant additional emergency units of not to exceed a total of 150 units in all school corporations in the State of Indiana for tuition or special purposes.
10. Additional Units for Superintendents, Principals, and Supervisors. The Commission on General Education of the State Board of Education, by uniform rule applicable throughout the state, may determine to grant additional units for superintendents, principals, and supervisors subject to the following limitations:
 - a. County Superintendents. Additional units shall be granted for all duly elected and qualified county superintendents and may be granted for all legally appointed and qualified county supervisors.
 - b. Town, City, Metropolitan, Consolidated and/or Joint School Corporation Superintendents. Town, city, metropolitan, consolidated and/or joint school corporation(s) with an average daily attendance of 750 or more shall, if not under the administration of the county superintendent of schools,

be granted one additional unit of support if said corporation has employed a properly licensed superintendent devoting full time to administration and/or supervision. Provided further that any such school corporation with an average daily attendance of 600 or more may count the superintendent as one of the two principal or supervisor units to which the corporation is entitled under "c" below.

- c. Principals and/or Supervisors. Any school corporation may, if it employs a corresponding number of legally qualified, full time principals and/or supervisors be granted one additional unit of support for its first 250 average daily attendance, two units for first 600 average daily attendance, three units for the first 1,200 average daily attendance, and an additional unit for each 800 average daily attendance in excess of 1,200.

11. Adjustment of Local Foundation Tax Rate for Tuition Purposes. For the purpose of carrying out the provisions of this Section [Section 2(e) of the Appropriation Act of 1955] and the provisions of Chapter 247 of the Acts of 1949, the General Commission of the State Board of Education, on the basis of available data on enrollments and assessed valuations, shall make estimates, and whenever available appropriations will be insufficient or in excess to make a full distribution as herein provided, said General Commission of the State Board of Education shall on or before July 1 of each year, adjust the local foundation tax rate for tuition purposes upward or downward for each of the semi-annual distributions.

[Chapter 247 of the Acts of 1949 required local school corporations to levy minimum foundation tax rates as a basis for participation in each of the three phases of the minimum foundation program equivalent to the yield of each of the following rates on the adjusted assessed valuation of the corporation: tuition, 15¢; other operating expenditures excluding capital outlay and transportation, 60¢; and transportation, 10¢. Chapter 247 of the Acts of 1949 also provided that the General Commission of the State Board of Education on or before July 1 of each year, on the basis of available data on enrollments and assessed valuations, shall make estimates and may adjust the local foundation tax rates for tuition, special and transportation purposes respectively upward or downward in like percentage of change for the ensuing year and/or may adjust the definition of a teaching unit so that when receipts from said taxes are added to funds appropriated by the state there shall be guaranteed to the local school jurisdictions the funds required to finance the minimum foundation program of education provided by Chapter 247 of the Acts of 1949.]

[Section 2(e) of the Appropriation Act of 1951 provided for the adjustment of the local foundation tax rate for tuition and transportation purposes upward or downward in like amount for the ensuing year when estimates made by the General Commission of the State Board of Education, on the basis of available data on enrollments and assessed valuations, showed that available state appropriations would be insufficient or in excess to make full distribution as provided by Section 2(e) of the Appropriation

Act of 1951. This left the local foundation tax rate for other operating expenditures excluding capital outlay and transportation at 60¢.]

[Section 2(e) of the Appropriation Act of 1953 provided for the adjustment of the local foundation tax rate for tuition purposes upward or downward for the ensuing year, thereby leaving the local foundation tax rate for transportation at 10¢ and the local foundation tax rate for other operating expenditures, excluding capital outlay and transportation at 60¢.]

Section 2(e) of the Appropriation Act of 1955 in effect leaves the local foundation tax rate for operating expenditures other than tuition, capital outlay, and transportation at 60¢, provides for the adjustment of the local foundation tax rate for tuition purposes upward or downward for each of the semi-annual distributions, and suspends the local foundation tax rate for transportation but provides a new formula for the distribution of funds for transportation purposes.

12. Regular Distributions to Local School Corporations for Transportation Purposes. Regular distributions of funds for transportation purposes shall be distributed to local school corporations on the basis of the formula prescribed herein from the transportation appropriation included in this sub-section. It is hereby established that said formula shall consist of several factors which will, when applied to the several school corporations, enable these school corporations to adequately furnish transportation to those public school pupils who are transported for school purposes, with an equitable amount of state support being distributed based on the sparsity of the pupils in the area established as an attendance district as well as the ability of the local community to share proportionately in the transportation costs.

- a. The pupil sparsity factor shall be determined by dividing the total number of legally enrolled public school pupils transported more than one and one-half miles to school by the most direct road route by the total round trip mileage of all buses under contract with, or operated by the school corporation. The round trip is hereby defined as being twice the distance from the point where the first child enters the school bus to the school house.
- b. The per capita wealth factor is hereby defined as being the amount arrived at by dividing the adjusted assessed valuation by the total number of all public school pupils attending grades 1 to 12 inclusive who reside within the boundaries of the school corporation. The said per capita wealth factor shall be used as the measure of local effort instead of the provisions of Section 4 of Chapter 247 of the Acts of 1949 as amended.

- c. The following tables shall be used for the computation of the pupil sparsity factor and the per capita wealth factor:

Sparsity Factor		Per Capita Wealth Factor	
Ratio of Pupils Per Mile	Factor	Per Capita Adjusted Assessed Valuation	Factor
4.00 and Over	.3	\$16,000 and Over	.0
3.75 to 3.99	.4	15,000 to 15,999	.2
3.50 to 3.74	.5	14,000 to 14,999	.4
3.25 to 3.49	.6	13,000 to 13,999	.6
3.00 to 3.24	.7	12,000 to 12,999	.8
2.75 to 2.99	.8	11,000 to 11,999	.9
2.50 to 2.74	.9	10,000 to 10,999	1.0
2.25 to 2.49	1.0	9,000 to 9,999	1.1
2.00 to 2.24	1.1	8,000 to 8,999	1.2
1.75 to 1.99	1.2	7,000 to 7,999	1.3
1.50 to 1.74	1.4	6,000 to 6,999	1.4
1.25 to 1.49	1.6	5,000 to 5,999	1.5
1.00 to 1.24	1.8	4,000 to 4,999	1.6
.75 to .99	2.0	3,000 to 3,999	1.8
.50 to .74	2.2	2,000 to 2,999	2.0
.49 and under	2.4	below 2,000	2.2

- d. The adjusted transportation rate per pupil is determined by applying the pupil sparsity factor and the per capita wealth factor to the base amount of \$20 per pupil.
- e. By the provisions of this Act, the method of distributing funds for transportation purposes shall be based on a 9 months' school term. If any school shall be in session for 8 or 8 1/2 months, then the base amount per pupil distributed to said school shall be proportionately reduced, but no schools shall be eligible for transportation funds under the provisions of this Act if the term of school shall be less than 8 months.
- f. The amount for which each school corporation shall qualify shall be determined by multiplying the adjusted transportation rate per resident pupil attending the public schools in grades 1 to 12 inclusive, by the total number of legally enrolled pupils being transported more than one and one-half miles by the most direct road route.
- g. For the purpose of carrying out the provisions of this Section the Commission on General Education of the State Board of Education shall, on the basis of available data, make estimates and whenever available appropriations will be insufficient or in excess to make a full distribution as herein provided, said Commission on General Education shall, on or before July 1 of each year, alter the adjusted transportation rate per pupil in each school corporation for the ensuing year upward or downward by an equal amount in terms of dollars and cents, provided that: (1) in no instance shall any funds to be distributed from the transportation fund for purposes of transportation exceed 90 per centum of the actual cost of transportation as determined for the immediate preceding full school year. This cost shall

include all contractual agreements and the cost of maintenance and operation of school owned vehicles and such costs shall also include an amount equal to 10 per centum of the original purchase price of the chassis or the body or both for depreciation and amortization of vehicles owned partially or wholly by the school corporation.

- h. Nothing in this Act shall be construed to limit the authority of the school authorities of any school corporation to levy a levy and rate in addition hereto for the purpose of defraying expenditures for transportation in addition to the minimum foundation program of education.

13. Supplemental Aid to Local School Corporations for Transportation. The General Commission of the Indiana State Board of Education by uniform rule applicable throughout the state shall establish a system of distribution of supplemental aid for transportation.

A school corporation shall be deemed eligible for such supplemental aid if, after receiving all funds of the regular transportation distribution as provided for in this Act, said school corporation is still required to levy a local levy and rate of fifty cents or more on each one hundred dollars of taxable property in the special school fund to provide for reasonable transportation costs as determined by the General Commission of the Indiana State Board of Education on the basis of such factors as conditions of roads, resident per pupil wealth, local tax rates, and the current per capita cost of transportation.

The amounts of monies required to cover the provision of this distribution of supplemental aid for transportation shall be paid from funds otherwise appropriated herein for transportation purposes and shall be limited to an amount not to exceed \$100,000 which is hereby set aside for such specific use in each year.

See also points 12-e and 12-g of this Analysis.

14. Supplemental Aid to Local School Corporations for Transfer Tuition. Any monies distributed from the appropriation herein made for supplemental aid for transfer tuition by virtue of any rule or regulation concerning additional allowances for the payment of transfer tuition as have been or may be adopted by the General Commission of the State Board of Education pursuant to the provisions of Section 6, Chapter 247, Acts of 1949, and this Act, shall not exceed \$375,000 for the fiscal year 1955-56 and \$400,000 for the fiscal year 1956-57.

LEGISLATIVE ANALYSIS SERIES

Analysis No. 3

INDIANA STATE TEACHERS' RETIREMENT FUND ACT, 1955
(S.B. 220 - H. Steele, L. Conrad)
(Acts, 1955, Chapter 275, Approved March 11, 1955)

Synopsis

This Act provides improved retirement benefits through an increase in the State's share at 30 years to \$90 per month, through recognition of teaching service to age 65 instead of age 62, and through the provision of specified survivor benefits for members with four or more years of Indiana service credit. This Act amends Sections 1 and 2 of Chapter 149 of the Acts of 1953, one of several Acts amendatory of Chapter 182 of the Acts of 1915.

Analysis

The major provisions of the 1955 Teachers' Retirement Fund Act include the following:

1. Effective Date. This Act became effective on March 11, 1955.
2. 1953 Law Closed. The right to transfer to the 1953 law was terminated on March 11, 1955, and applications for transfer received on or after March 12, 1955 can be accepted by the Indiana State Teachers' Retirement Fund for transfer to the 1955 law only.
3. Applications for Membership Under the 1955 Law. This Act makes possible the filing of applications by teachers in active service for membership in the Indiana State Teachers' Retirement Fund under the provisions of Chapter 275 of the Acts of 1955 after March 11, 1955. There is no closing date in this Act. When such applications are filed, they will be binding upon the teacher and can not be withdrawn. While there is no closing date in this Act, the privilege of transferring membership to this Act will terminate if a majority of active members of the Indiana State Teachers' Retirement Fund vote in the affirmative to accept the provisions of Chapter 329 of the Acts of 1955.
4. New Teachers Who May Refuse Membership. Teachers whose age at the time of beginning service is $46\frac{1}{2}$ years or more may refuse membership under the provisions of this Act inasmuch as it might be impossible for them to qualify for an annuity.
5. Service Defined - Years and Half-Years. Not less than 120 days of service in any one year or 60 days service in each of two different years, whether under contract or not, shall be required for one year of service credit, except for teachers with 27 or more years of service credit retired on disability. (See point 15). No teacher shall be granted more than a year of credit for service rendered during any one calendar year or fiscal year.
6. Service Requirements for Annuity Benefits. To qualify for any annuity under this Act, a teacher must have attained the age of 50 years and must have received 20 years of service credit, except

that teachers with 30 years of service credit may qualify for an annuity prior to the attainment of age 50.

7. Annuity Benefits. Under the provisions of this Act, a teacher with 30 years of service credit would be entitled to an annuity amounting to \$90 per month or \$1,080 per year, plus a share of forfeitures. Member teachers with additional service credit beyond 30 years would receive proportionately higher amounts subject to the provisions of point 8 below.
8. Maximum Service Credit. The teacher who continues to teach after 30 years of service shall be granted service credit to a total of 40 years of service or to age 65 years, whichever is the later. The assessments and interest accrued on the teacher's account shall be applied to the purchase of additional basic annuity. There is no further accrual of interest on the basic annuity account after the teacher has received 40 years of service credit or has attained the age of 65 years, whichever is the later.
9. Additional Credit Beyond Maximum Service Recognized Under Prior Laws. A teacher in active service who has completed maximum service under prior laws and has ceased paying his annual assessment, will, upon transfer to the 1955 law, receive credit for any additional years until he receives 40 years of service credit or until he attains the age of 65 years, whichever is the later. (Under the 1953 law, service credit ceased at 40 years or at age 62, whichever was later; under the 1951 law, service credit ceased at 40 years or at age 60, whichever was later; under the 1949 law, service credit ceased at 35 years or at age 60, whichever was later; under the 1947, 1945, and 1939 laws no credit was given for service after 35 years.)
10. Adjustments for Interrupted Service. Provides that beginning age may be adjusted upward by the Board to the extent of 10 years to compensate for interrupted service, thus giving a more favorable annuity rate in most instances. Such adjustments should be requested at the time application is made for annuity benefits.
11. Credit for Out-of-State Service. In computing years of service, the Board of Trustees may include service rendered by a teacher outside the state in a public school up to 8 years for such outside service, or years in the ratio of one year in four, whichever is greater.
12. Service Credit for New Classes of Teachers. Service credit shall be given under this Act for all years of service rendered under its provisions before, as well as after, the taking effect of this Act. Members of this Fund whose service is now recognized as creditable shall be granted service credit by the Board for years served in the same capacity prior to the time when such service was recognized by this Act as creditable service up to the minimum number of years required for eligibility for retirement annuity.
13. Credit for Military Service. Any teacher who shall have completed four years of approved college training for teaching prior to either voluntary or involuntary induction into military service

shall be entitled to credit for such service the same as if he had begun teaching prior to such induction.

14. Teachers Not Members Under Previous Laws Must Pay at Least One Annual Assessment. Eligibility to receive annuity under this Act for teachers who have not elected membership under prior Indiana Retirement Fund laws shall be evidenced by the payment of an amount equal to at least one annual assessment into the Fund by said teacher.
15. Disability Benefits and Service Credit While on Disability. Any member teacher, while actually teaching in the public schools of the State, may be temporarily or permanently retired for disability after he shall have served as such teacher in Indiana for a period of ten years or more and shall be entitled to a disability benefit to be paid at the rate of \$600 per annum, to which shall be added an additional \$200 if such teacher shall have earned 25 years of service credit (including out-of-state service), but no disability benefit will be paid at a greater rate than five-eighths of the contract salary of the year in which the disability occurred. In the event such teacher shall have completed 27 years of service credit said teacher may be granted both disability benefits and service credit under this Act by the Indiana State Teachers' Retirement Fund Board for not more than three years. While such credit may not be granted until the teacher has 27 years of service credit, the three years for which such credit is granted may be prior or subsequent to the 27th year.
16. Qualification for Disability Benefits. No disability benefit is paid for an illness which exists less than a full school semester. Therefore, there is a waiting period of one semester before the teacher is eligible to apply for benefit, but when the benefit is granted, the teacher is paid retroactively for the waiting period.
17. Termination of Disability Benefits. When a member teacher is retired for any disability, such retirement shall continue only until such disability is relieved or removed, and no disability benefit shall be paid to such teacher after medical examination made on demand of the Board of Trustees of the Indiana State Teachers' Retirement Fund and by a physician approved by said Board and made at the expense of said teacher shall establish to the satisfaction of the Board that such disability has been removed.
18. Relationship of Disability Benefit Payments to Funds Payable to Estate or Designated Beneficiary of Deceased Teacher. In the event of the death of any teacher who hereafter enters teaching service or who shall have accepted the provisions of this Act as amended in 1937 or thereafter, while such teacher is drawing disability, then the total of such disability payments shall be deducted from any funds which otherwise would be payable to the estate or designated beneficiary of such deceased teacher, and in the event that said teacher ceases to be on disability and transfers to regular retirement annuity or returns to active teaching, the amount of disability benefits received shall reduce the amount of any death benefit that may thereafter be payable to said teacher's estate or designated beneficiary, but no reduction shall be made in any retirement benefits that may thereafter be payable to said

teacher because of disability benefits previously received.

19. Annuity Benefit Plans. Each member teacher under the provisions of this Act may elect to accept an annuity less than otherwise receivable under this Act in consideration of annuity protection for not more than one dependent as shall be recognized by the Board, or greater than otherwise receivable in consideration of a waiver of death benefit by the teacher, provided that: any teacher who shall have completed 20 or more years of service may elect to provide annuity survivor benefits for such dependent in case of the death of such teacher during the remainder of his period of active service, based upon the annuity that would be available had such teacher retired at the time of his death adjusted to the actuarial equivalency of such annuity, taking into consideration the ages of the teacher and the dependent. The Board shall make necessary rules and regulations for the proper administration of this provision.
20. Death in Service - Optional Annuity Survivor Benefits for Husband or Wife. In the event of the death of a married teacher who is a member of the Fund and who has not designated a beneficiary, the death benefit shall be paid to said teacher's husband or wife or may be converted into an annuity in accordance with the provisions of this Act governing the payment of annuity survivor benefits.
21. Death in Service - Survivor Benefits. In lieu of accepting the payment of the total amount paid into the Fund with interest thereon by the member, the designated beneficiary of a member with four or more years of Indiana service credit who died either while under contract or within one year immediately following the expiration of his last teaching contract may elect to receive the following survivor benefits if such beneficiary was related to such deceased member in one of the following manners:
 - a. A surviving widow, or dependent widower receiving at least one-half of his support from the female member at the time of the female member's death, who had the care of unmarried children of the deceased member under eighteen years of age, or any other progeny of the deceased member adjudged physically or mentally incompetent by a competent court in Indiana, shall be paid one hundred dollars per month for such time as such children under eighteen years of age or such incompetent progeny are in his care. If the beneficiary receiving under the provisions of this sub-section dies while having the care of unmarried children under eighteen years of age, then benefits shall be paid such children as follows:
 - (1) One child shall be paid fifty dollars per month; or
 - (2) Two or more children shall be paid a total of one hundred dollars per month which shall be divided equally between or among them.
 - b. An unmarried child of the deceased member under eighteen years of age shall be paid fifty dollars per month. If such child elects to take under this sub-section and there are one or

more other unmarried children of the deceased member under eighteen years of age, there shall be paid a total amount of one hundred dollars per month which shall be divided equally between or among all such qualified children.

- c. If no benefits are paid under the provisions of paragraphs a or b next above, one dependent parent, who is at least 65 years of age and receiving at least one-half of his support from the member at the time of the member's death, shall be paid fifty dollars per month as long as he does not remarry subsequent to the member's death; two such dependent parents shall be paid a total of one hundred dollars per month.
 - d. Such survivor benefits shall be payable the month subsequent to the death of the member and shall be terminated at death or marriage or remarriage; or if payable to a child, upon his adoption or death or marriage or attainment of 18 years of age. The term "child" includes a legally adopted child.
 - e. Upon the final termination of survivor benefits provided for in this sub-section, there shall be paid to the properly designated beneficiary of such deceased member the remainder amount, if any, of the total amount paid into the Fund by such member with interest compounded at three per cent per annum minus the amounts of survivor benefits paid under the provisions of this sub-section.
 - f. No survivor benefits provided for in this sub-section shall be paid in the event a joint and survivor allowance is paid to the designated beneficiary under the provisions set forth in points 19 and 20 of this Analysis.
 - g. Any survivor benefits to which the beneficiary of a deceased teacher shall become eligible under the provisions of the Federal Social Security Act, which benefits shall arise and be payable for the same reasons and arising from the same causes, and which benefits shall be payable because of coverage of Indiana teaching service, shall be deducted from the benefits provided in this sub-section for such purposes.
 - h. The provisions of this sub-section relating to survivor benefits shall expire June 30, 1957, and the only payments made under this survivor benefit sub-section following such date shall be those payments herein provided for persons qualifying for such benefit prior to that date.
22. Purchase of Additional Annuity. Additional annuity may be purchased above the basic annuity. Payments for the purchase of such annuity may be made either by the teacher or by the employer (the school corporation) for the teacher for the purpose of providing an additional annuity for such teacher and for such dependent as may be recognized by the Indiana State Teachers' Retirement Fund Board. Payments to the additional annuity account shall accumulate interest compounded at 3% per annum to the date of retirement.

23. Optional Employment Beyond Age 66. Provides for dissolution of tenure at age 66 and for optional employment after age 66 and includes the following provisions:
- a. If any person who is employed to teach in the public schools of any school corporation shall attain such age prior to the expiration of any period August 1 to July 31, in which he is employed, such person shall be eligible to complete such school year notwithstanding the fact that he has attained the full age of 66 years prior to the expiration of such school year.
 - b. A school corporation may offer to employ and may so employ such teacher at its own discretion following the attainment of age 66 if said teacher provides satisfactory evidence of physical and mental ability to teach as evidenced by a certificate furnished by a duly licensed physician licensed to practice in the State of Indiana.
24. Frequency of Annuity Payments. The first annuity payment made to a teacher after retirement shall be made on a quarter-year basis. All subsequent annuity payments are made on a monthly basis.
25. Annuity Payments. When a teacher retires under the provisions of this Act the State's share of the annuity shall be paid by the State and the teacher's share shall be paid from payments made by the teacher and interest accruals thereon.
26. Teachers Retired on Disability. Any teacher temporarily or permanently retired for disability under the provisions of any Act of which this Act is amendatory, may choose to accept the new and more favorable disability provisions of this Act (See point 15).
27. Annuity Benefits for Retired Teachers. Provides that retired teachers shall receive the same annuity (accruing from July 10, 1955) that would be available if such teacher had retired as an active member of the Fund as provided in this Act.
28. Annuity Benefits for Teachers Who Have Completed 20 Years or More of Service. Persons who have completed 20 years or more of teaching service as defined in this Act shall be entitled to the benefits of this Act, whether or not they have heretofore qualified for same, but no annuity payment shall be made pursuant to this Act for those in retired status prior to July 10, 1955, or final filing of service record, whichever is later.
29. Substitute Teaching by Retired Teachers. Occasional substitute teaching or other comparable service for compensation by retired teachers may be permitted by the Board, regardless of age, up to a total of 90 days and without annuity reduction up to a total of 30 days in any one state fiscal year (July 1 to June 30).
30. Deduction of Annual Assessment from Teacher's Salary Checks. Local school officials shall deduct each teacher's annual retirement fund assessment in proportionate amounts from each salary check paid to each teacher who is a member of the Retirement Fund during the school year.

31. Withdrawal of Payments. In the event that any teacher, a member of the Fund under the provisions of this Act, leaves the service of the public schools for any reason, such teacher shall be entitled to withdraw all arrearages paid in and the following portions of his regular contributions:

After one year	25%	After six years	75%
After two years	35%	After seven years	85%
After three years	45%	After eight years	90%
After four years	55%	After nine years	95%
After five years	65%	After ten years	100%

32. Tax Levy. Provides a .07¢ State property tax for the Indiana State Teachers' Retirement Fund.

LEGISLATIVE ANALYSIS SERIES

Analysis No. 4

INDIANA PUBLIC EMPLOYEES SOCIAL SECURITY INTEGRATION AND SUPPLEMENTAL RETIREMENT BENEFITS ACT, 1955

(H.B. 447 - Feighner, Miser)

(Acts, 1955, Chapter 329, Approved March 11, 1955)

Synopsis

This is an original Act authorizing the modification and extension of coverage for public employees under the provisions of Section II of the Federal Social Security Act, as amended, and providing a supplemental system of retirement benefits.

Explanations

This Act will become effective for teachers in Indiana only if and when a majority of the active members of the Indiana State Teachers' Retirement Fund vote affirmatively to be included under federal social security in a referendum to be conducted in full compliance with all the requirements of Section 218(d) of the Federal Social Security Act, as amended in 1954.

This Act provides the basis for and prescribes the procedures to be followed in determining whether Federal Social Security shall be extended to teachers currently covered by the Indiana State Teachers' Retirement Fund, to State and local employees currently covered by the Public Employees Retirement Fund, to employees currently covered by the State Board of Accounts Retirement Fund, and to employees currently covered by any retirement system established by any State Institution of higher learning, and provides a supplemental system of retirement benefits to all such employee groups which elect to come under federal social security.

This Analysis is confined to those provisions of the Act which would bear upon teacher members under this Act if and when a majority of the teachers currently covered by the Indiana State Teachers' Retirement Fund Act voted affirmatively in a referendum to be included under federal social security and thereby under the supplemental retirement benefit system provided by this Act.

Analysis

The following are the major provisions of this Act that would have a bearing upon teachers after a majority of the teachers currently covered by the Indiana State Teachers' Retirement Fund had voted affirmatively to be included under federal social security and thereby under the supplemental retirement benefit system provided by this Act:

A. Title and Policy.

1. Title. This Act shall be known and may be cited as the Indiana Public Employees Social Security Integration and Supplemental Retirement Benefits Act.
2. Declaration of Policy. It is hereby declared to be the policy of the General Assembly that subject to the limitations and conditions set forth in this Act, the basic protection accorded to

others by the old-age and survivors insurance system embodied in the Federal Social Security Act be extended to employees of the State and the political subdivisions thereof who are members of certain existing retirement systems, on the basis and to the extent permitted under applicable law, and that supplemental retirement benefits be provided for all employees to whom such coverage is extended under the terms of this Act so as to provide benefits substantially similar to those provided by existing Public Retirement Systems.

B. Extension of Social Security.

1. Definitions Provided by the Act.

- a. The Indiana State Teachers' Retirement Fund. "The Indiana State Teachers' Retirement Fund" shall mean the retirement system created by Acts of 1915, Chapter 182 of the General Assembly of Indiana as such act has been from time to time amended and "The Indiana State Teachers' Retirement Act" shall mean said act as so amended. For the purposes of this Act the term "teacher" is hereby defined as said term is defined in the said Chapter 182, as amended, and the term "employee" as used in this Act shall be deemed to include such term "teacher".
- b. Supplemental Retirement Benefit System. "Supplemental Retirement Benefit System" shall mean the system of supplemental benefits created by Article III of this Act.
- c. Actuarial Reserve. "Actuarial Reserve" shall mean the present value of all future payments to be made on account of any annuity or retirement benefit or benefit granted in lieu thereof computed upon the basis of such rates or interest and mortality as the responsible administrative board shall adopt for such purpose.
- d. Actuarial Equivalent. "Actuarial Equivalent" shall mean a benefit with an actuarial reserve equal to the actuarial reserve of another benefit with which a comparison is to be made.
- e. Acts of 1951, Chapter 313. "Acts of 1951, Chapter 313", shall mean such Act as amended.

2. Referendum with Respect to Employees Covered by the Indiana State Teachers' Retirement Fund.

- a. The Governor is authorized by the Act to conduct or cause to be conducted a separate referendum with respect to the employees currently covered by the Indiana State Teachers' Retirement Fund in which there shall be submitted the question of whether services in positions covered by the Indiana State Teachers' Retirement Fund shall be excluded from or included under an agreement under Section 218 of the Federal Social Security Act.

- b. Such referendum shall be conducted in full compliance with all the requirements of Section 218(d) of the Federal Social Security Act, as amended in 1954.
- c. The Governor may designate the Indiana State Teachers' Retirement Fund Board as the agency to conduct and supervise the referendum.
- d. The Indiana State Teachers' Retirement Fund Board shall pay the expenses of any referendum conducted with respect to the system it administers as a part of its expense of administration.
- e. If in any referendum the vote of the majority of those eligible to vote in the referendum is not in the affirmative, a subsequent referendum shall be conducted in the same manner and with the same effect upon the request of the Indiana State Teachers' Retirement Fund Board, but no such referendum shall be conducted within a year after a prior referendum.

3. Modification of Federal-State Agreement.

- a. If a majority of the employees in the Indiana State Teachers' Retirement Fund eligible to vote in a referendum conducted in accordance with the provisions of Section 4 of this Act vote in the affirmative, the Governor is authorized to certify to the Secretary of Health, Education and Welfare of the United States that the conditions prescribed by Section 218(d) (3) of the Social Security Act as amended in 1954, have been met, and to notify the State Agency as designated in the Acts of 1951, Chapter 313 of the General Assembly of Indiana, of such certification.
- b. Said State Agency shall thereupon request a modification of the Agreement entered into between the Secretary of Health, Education and Welfare and the State of Indiana pursuant to such Act of 1951, Chapter 313, to include service in positions covered by the Indiana State Teachers' Retirement Fund.

4. Contributions to Social Security.

a. Teacher Contributions to Social Security.

- (1) Liability for Contributions. Every teacher whose services are covered by Social Security in accordance with the provisions of this Act shall be required to pay for the period of such services the contributions required by Section 6, Chapter 313, Acts of 1951 of the General Assembly of Indiana.
- (2) Payments for Back Coverage. Such payments shall include any back coverage to which the teacher may be entitled which payments shall be collected by deductions from wages as and when paid or at the option of the teacher, may be deducted from the amount of credit in his annuity savings account which is described later in this Analysis.

- (3) Method of Payment. The amount of contributions required to be paid by teachers shall be withheld from funds distributed to their respective school corporations by the State and paid to the State Agency by a warrant of the Auditor of State in the same manner in which payments of teachers into the Indiana State Teachers' Retirement Fund are withheld and paid to the Board of Trustees thereof. The Indiana State Teachers' Retirement Fund Board shall include in the detailed statement filed in the office of the State Superintendent of Public Instruction all information necessary for such purpose and the statement accompanying the warrant of the Auditor of State transmitted to the proper officer of each school corporation shall show the total amount deducted for each teacher's social security contribution. The funds so withheld shall be placed by the State Agency in the Contribution Fund created by Chapter 313 of the Acts of the 1951 General Assembly.

- b. Employer Contributions to Social Security for Teachers. In the case of teachers, the employer contributions shall be wholly paid by the State and shall begin as of the effective date of the applicable modification of the Federal-State agreement, or the beginning date of their current employment, whichever is later.

C. Supplemental Retirement Benefit System.

1. Extension of Supplemental Benefits.

- a. To Whom Extended. All teachers to whom the provisions of the Federal Social Security Act shall become applicable pursuant to this Act, shall thereafter receive in addition to the benefits of such social security, the supplemental benefits herein provided, and shall be obligated to make the contributions required by this Act.
- b. Benefits and Contributions. The benefits provided under this Act shall be in lieu of all benefits to which teachers would or might have become entitled as members of the Indiana State Teachers' Retirement Fund, and the contributions required under this Act shall be in lieu of all contributions heretofore required with respect to the Indiana State Teachers' Retirement Fund.
- c. Continuance of Indiana State Teachers' Retirement Fund System. The Indiana State Teachers' Retirement Fund shall nevertheless continue to be a separate retirement system and its affairs shall continue to be administered by the Indiana State Teachers' Retirement Fund Board, subject to the same terms and conditions as heretofore except insofar as the same are inconsistent with the terms and conditions of this Act.

2. Teacher Contributions.

- a. Amount of Contribution. All teachers who become covered by

social security pursuant to the provisions of this Act shall after the date on which they become so subject be deemed members of the retirement system covering the positions which they occupy and shall contribute 4% of their compensation in excess of \$1,200 and not in excess of \$7,200 per annum in addition to their contributions for social security.

- b. Method of Contribution. Such contribution shall be made in the form of a deduction from compensation and shall be made notwithstanding that the compensation paid in cash to such employee shall be reduced below the minimum prescribed by law. Every such employee shall be deemed to assent and agree to the deductions made from his compensation as provided for in this Act and payment to said employee of compensation less all deductions authorized by this Act shall constitute a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by such employee during the period covered by such payment except as to the benefits provided by this Act.
- c. Contributions of Teachers Deposited in Annuity Savings Account. The Indiana State Teachers' Retirement Fund Board shall maintain a separate account to be known as the "annuity savings account" in which shall be deposited all contributions of teachers made pursuant to sub-section (a) of Section 13 of this Act and each member thereof shall be credited individually with the amount of all contributions made by him pursuant to said sub-section (a).
- d. Prior Contributions of Teachers. There also shall be deposited in such annuity savings account for each member and credited individually to such member an amount equal to his prior contributions as a member of the Indiana State Teachers' Retirement Fund and the past interest earnings thereof as determined by the Indiana State Teachers' Retirement Fund Board. Such deposit shall be made from any funds heretofore accumulated in the hands of the Indiana State Teachers' Retirement Fund Board and any deficit therein shall be made up by the State.
- e. Interest on Contributions. Interest shall be credited on all contributions by teachers at a nominal rate prescribed by the Indiana State Teachers' Retirement Fund Board not in excess of 3% per annum compounded annually. Contributions shall not begin to accumulate interest until the beginning of the fiscal year following the year in which they are due. In event of withdrawal following separation from service a proportional interest credit shall be granted for any period elapsed since the last interest date.
3. Payments to Beneficiary or to Estate for Teacher Who Dies Prior to Retirement. In the event of the death of a teacher prior to retirement, the entire amount of contributions credited to his annuity savings account and any interest credits thereon, but less any benefits paid such teacher as disability benefits shall

be paid to his beneficiary if one has been designated as herein after provided, or, in the absence of such designation, to his estate. In case no such beneficiary or other person entitled to such moneys shall claim the same within three years from the death of such teacher, all such moneys shall be forfeited, and the retirement system shall be credited therewith.

4. Annuity Survivor Benefits for Teachers Who Retire or Die. At the time any teacher goes on retirement or dies under conditions which entitle a dependent of such teacher to annuity survivor benefits under sub-section 14(c) or 17(d) of this Act, the annuity savings account maintained by the Indiana State Teachers' Retirement Fund Board shall be charged with the entire amount of contributions credited to him under Section 13(b) of this Act and any interest credits thereon, and the State's portion of the retirement allowance account shall be credited with such amount, and shall be responsible for the payment of the annuity to be provided therefrom.
5. Purchase of Additional Annuity.
 - a. Amount of Additional Annuity Contributions Permitted. A teacher may elect to make additional annuity contributions. The amount of a teacher's additional annuity contribution during any period shall not exceed his contribution for the corresponding period required pursuant to this Act.
 - b. Additional Annuity Account. The Indiana State Teachers' Retirement Fund Board shall maintain a separate account to be known as the additional annuity account in which shall be deposited all additional annuity contributions made by the teacher and each teacher shall be credited individually with the amount of such contributions.
 - c. Interest Credit. Interest shall be credited in accordance with regulations governing the credit of interest as indicated in point C-2-e of this Analysis.
 - d. Benefits Payable for Additional Annuity Contributions.
 - (1) In the Event of Death of a Teacher Prior to Retirement. In the event of a teacher's death prior to retirement, the entire amount of contributions credited to the teacher's additional annuity account and any interest credits thereon shall be paid to his beneficiary, if one has been designated, or, in the absence of such designation, to his estate.
 - (2) Upon Retirement of Teacher. At the time any teacher goes on retirement, the additional annuity account maintained by the Indiana State Teachers' Retirement Fund Board shall be charged with the entire amount credited to him in his additional annuity account, if any, and any interest credits thereon, and the State's portion of the retirement allowance account shall be credited with such amount, and shall be responsible for the payment of the annuity to be provided therefrom.

6. Retirement Allowance Account.

- a. Establishment of the Retirement Allowance Account. When teachers shall become covered by federal social security under this Act the Indiana State Teachers' Retirement Fund Board shall maintain a separate account to be known as the "retirement allowance account" in which shall be credited contributions made by the State, including all funds now held by the Indiana State Teachers' Retirement Fund Board after crediting to each member the amounts required under Section 13(b) of this Act for teachers' prior contributions and past interest earnings thereof.
 - b. State Contributions. The State shall have the obligation to contribute biennial amounts which, when added to the funds on hand on account of prior contributions credited to the State hereunder, shall be sufficient to provide for each employee who becomes eligible for retirement benefits to be paid by the State under the provisions of this Act, the benefits hereinafter specified.
 - c. Previously Retired Teachers. All teachers who have gone on retirement prior to the date on which teachers become covered by social security and consequently by the supplemental retirement benefit system provided by this Act shall continue to receive the benefits provided by the provisions of the Indiana State Teachers' Retirement Fund law in which they had membership at the time of their retirement and these teachers so retired shall not be subject to the provisions of this Act. The State of Indiana shall make any contributions required to provide the benefits extended to teachers previously retired.
7. "Grandfather Clause". Notwithstanding any provision of this Act every teacher who is a member of the Indiana State Teachers' Retirement Fund shall, if and when social security coverage is extended to teachers, and consequently the supplemental retirement benefits provided by this Act, be entitled to receive as a normal retirement benefit at least an amount, which, when added to the primary social security benefit to which he may become entitled under the Federal Social Security Act, would equal the normal retirement benefit to which he would have been entitled as a member of the Indiana State Teachers' Retirement system in effect at the effective date of this Act if he had continued contributions, for the period during which contributions shall have been made under this Act, at the amount then required by such provisions or at the total amount required under this Act if in excess of said amount. The amount to which a teacher member shall be entitled as a normal retirement benefit shall be determined on the basis of the following:
- a. Primary Social Security Benefits Based Upon Covered Teaching Service. If a member shall have accumulated wage credits under the Federal Social Security Act from employment with more than one employer, the amount of his primary social security benefit for purposes of determining his normal retirement benefit shall be computed by applying to his total

primary social security benefit the percentage which his wage credits granted for service covered by Article II of this Act constitute of his total wage credits accumulated under the Federal Social Security Act. The federal social security benefit thus determined will be presumed payable for the purposes of this plan, even though a member may fail to apply for such benefit or may lose all or part of it through delay in applying for it or by engaging in covered employment or otherwise.

- b. Determination of Benefit to Which a Teacher Would Have Become Entitled as a Member of the Indiana State Teachers' Retirement Fund. The benefit to which a member would have become entitled under an existing retirement system shall be determined on the assumption that his contributions subsequent to the date on which the Indiana State Teachers' Retirement Fund system becomes subject to federal social security shall have been made on the minimum basis required by such existing Indiana State Teachers' Retirement Fund system, or on the basis of his contributions actually made to the Supplemental Retirement Benefit System and to federal social security, whichever is greater.
- c. Definition of Normal Retirement Benefit. The normal retirement benefit in the case of retirement at any age under the Indiana State Teachers' Retirement Fund system and in the case of retirement at or after age 65 under the Supplemental Retirement Benefit System is the benefit payable for life without special election. In the case of retirement before age 65 under the Supplemental Retirement Benefit System it is the benefit payable under the option which integrates with social security at age 65 to provide a uniform supplemental benefit.
- d. State Contributions. The State shall make any contributions required to carry out the provisions of this subsection which guarantees a normal retirement benefit at least equal to the normal retirement benefit to which the teacher member of the Indiana State Teachers' Retirement Fund would have been entitled under the provisions of the system in effect at the effective date of this Act.

8. Creditable Service.

- a. Bases for Determining. Each teacher shall have included in his creditable service for the purpose of determining his eligibility for retirement benefits and the amount thereof, all service for which he was entitled to credit in the Indiana State Teachers' Retirement Fund system of which he was a member at the time the members of said system were included in federal social security in accordance with the provisions of this Act, in addition to all service rendered after said date.
- b. Method of Determining. The Indiana State Teachers' Retirement Fund Board shall determine the creditable service of each member of the Supplemental Retirement Benefit System in

the same manner as creditable service was determined by said Board for the Indiana State Teachers' Retirement Fund system at the effective date of this Act.

9. Eligibility for Retirement.

- a. Normal Retirement. A teacher who has attained age 65 and who has at least 10 years of creditable service is eligible for normal retirement.
- b. Early Retirement. A teacher who has attained age 50 and who has at least 15 years of creditable service is eligible for early retirement.
- c. Teachers Who Cannot Meet Minimum Service Requirements for Retirement - Forced Withdrawal. Whenever it becomes certain that a teacher cannot complete 10 years of creditable service before attaining age 70 he shall cease to be a member of such system of which he is a member and shall receive the amount of his contributions together with any interest credits thereon which shall be paid in a lump sum.
- d. Definition of Retirement Date. A member who is eligible for retirement may elect to receive the retirement benefits to which he is entitled commencing on a date fixed by him, which date shall be after cessation of service and shall be known as his "retirement date".

10. Retirement and Survivor Benefits.

- a. Supplemental Retirement Benefits to Which a Teacher is Entitled After he Has Reached Age 65 and Completed at Least 10 Years of Service - Normal Retirement. A teacher subject to the supplemental retirement benefits of this Act who retires after he has reached age 65 and completed at least 10 years of service will be entitled to receive monthly retirement income payments which will be guaranteed for 5 years and as long thereafter as he lives, consisting of the sum of:
 - (1) a pension provided by the contributions of the employer,
 - and (2) an annuity provided by the employee's contributions.
- (1) Pension Benefits Provided Solely by State Contributions. The pension supported by the State's contributions shall be computed upon the average of the annual compensation of the teacher not in excess of \$7,200.00 during each of the 10 years of service immediately preceding his retirement date, or during his entire period of service subsequent to the date of this Act if higher than his average for such 10 year period. The annual amount of such pension shall be equal to the sum of 1% of such average annual compensation in excess of \$1,200.00 but not in excess of \$3,000.00 and 1.1% of such average in excess of \$3,000.00, if any, multiplied by his number of years of creditable service completed at retirement (excluding service in excess of 40 years and service after age 70).

- (2) Annuity Benefits Provided Solely by the Teacher's Contributions. The amount of the annuity provided by the teacher's contributions shall be that purchasable on his retirement date (based on actuarial tables adopted by the Indiana State Teachers' Retirement Fund Board pursuant to Section 22 of this Act) by the total amount of his contributions and any interest credits thereon.
- b. Supplemental Benefit to Which a Teacher is Entitled if he Retires Before Attaining Age 65 - Early Retirement. A teacher, subject to the provisions of this Act, who has attained age 50 and who has at least 15 years of creditable service and who retires before age 65, shall receive retirement income payments which will be the sum of the following:
- (1) The normal pension otherwise payable beginning at age 65, computed on the basis of service and earnings to the early retirement date, reduced by $1/4\%$ for each full month not in excess of 60, and $5/12\%$ for each full month in excess of 60, that the teacher's retirement date precedes his 65th birthday anniversary.
- (2) The annuity purchasable by his own contributions and any interest credits thereon.
- c. Elective Retirement Benefit Options. Each teacher subject to this Act shall have the right, subject to the provisions set out hereunder to elect to have his retirement benefits payable under any one of the options listed hereunder in lieu of the retirement benefits otherwise payable to him upon retirement under the provisions of this Section. The amount of any such optional retirement benefits shall be determined by the rules and regulations of the Indiana State Teachers' Retirement Fund Board; provided that such optional retirement benefits shall be the actuarial equivalent of the retirement benefits otherwise payable under this Section. Such election shall be made by written request to the Indiana State Teachers' Retirement Fund Board. Such request shall be made at least 12 months prior to retirement unless evidence of the teacher's good health, which is satisfactory to the Board, is provided. Any election of optional retirement benefits made in accordance with the options set forth below may be revoked at any time prior to retirement.
- (1) Election to Name a Co-Survivor and to Receive a Decreased Benefit. The teacher member may elect to receive a decreased retirement benefit during his life time and have such retirement benefit (or $1/2$ or $2/3$ thereof if so designated) continued after his death to another designated person during the lifetime of such person.
- (a) If the teacher member dies before going on retirement the designated beneficiary shall receive only the amount provided by contributions credited to the account of the teacher and placed in the Annuity Savings Account as provided in Section 13(d) of this Act and by contributions of the teacher member to the

Additional Annuity Fund and interest credits thereon as provided by Section 13(f) of this Act except as provided by the "Grandfather Clause" in Section 14(c) and by Section 17(d) of this Act with regard to annuity survivor benefits.

- (b) If the designated beneficiary dies before the teacher member goes on retirement, such election shall be automatically cancelled.
 - (c) If the designated beneficiary dies while the teacher member is receiving benefits the amount of benefits received by such teacher member by reason of such election shall not be affected.
- (2) Election of Life Annuity Without Any Guarantee So As To Receive an Increased Retirement Benefit. The teacher member may elect to receive an increased retirement benefit in the form of a life annuity without any guarantee.
 - (3) Election of Increased Retirement Benefits to Age 65 and Decreased Benefits Thereafter. If a teacher member retires prior to age 65, he may elect to receive an increased retirement benefit up to age 65 and a decreased retirement benefit thereafter, thereby providing a more nearly level retirement benefit when such decreased retirement benefit is added to his anticipated primary benefits under the Federal Social Security Act.
 - (4) Election of a Cash Refund Annuity. The teacher member may elect to receive the portion of his retirement benefits provided by his own contributions in the form of cash refund annuity which shall provide for payment to his beneficiary at the time of his death of the excess, if any, of (1) the total amount of his contributions and interest credits used at retirement to provide such annuity, over (2) the total payments which shall have become due under such annuity prior to the date of his death.
 - (5) Annuity Survivor Benefits. If a teacher member with 20 or more years of creditable service shall designate his spouse as his beneficiary under this Act, or if no designated beneficiary survives the teacher, he may elect, or this spouse may elect upon his death in service, to provide annuity survivor benefits as follows:
 - (a) Upon Death of Teacher in Service. Upon the death in service of such teacher, if the designated spouse shall have been married to the teacher member for at least three years and shall survive him, a survivor annuity shall become payable immediately in an amount equal to that which would have been payable under the Supplemental Retirement Benefit System had the teacher member retired at the time

of his death under an effective election of the option set forth under C-10-c-(1) above; provided that:

- 1' Any additional annuity contributions under Section 13(f) shall be disregarded in the determination of survivor benefits under C-10-c-(5) and provided further that:
- 2' Each periodic benefit payment shall be reduced by the amount of any benefit payable to survivors of such teacher member with respect to the same period under the Federal Social Security Act. Such federal social security benefits shall be presumed payable for the purposes hereof even though such survivor may fail to apply for such benefits or may lose all or part of them through delay in applying for them or by engaging in covered employment or otherwise.
- 3' If a survivor annuity becomes payable under the provisions of C-10-c-(5) with respect to a deceased employee, such annuity shall be in lieu of all benefits otherwise payable under this Act with respect to such deceased teacher member except for any death benefit that may become payable as a result of the additional annuity contributions made by the deceased teacher member, if any, and interest credits thereon.

11. Re-Employment of Retired Teacher.

- a. Conditions of Such Re-Employment. If a member teacher who is receiving retirement income payments under this Act becomes re-employed in a position covered by this Act, each retirement income payment which shall become due during the period of such re-employment shall be credited to his account as an additional contribution to be credited in the same manner as his annual contributions are credited toward the purchase of an annuity. During such period of re-employment the teacher member shall also make his regular annual contributions as required elsewhere in this Act.
- b. Benefits Payable if Re-Employment is Terminated by Death. If such re-employment is terminated by the death of the member, there shall be paid to his beneficiary the amount of all contributions credited to him during the period of re-employment as provided in C-11-a above and any interest credits thereon. If any amounts become payable subsequent to the date of death under the provisions of the retirement benefit in effect at the date of re-employment, such amounts shall be payable as they become due without change or modification.
- c. Benefits Payable Upon Cessation of Re-Employment Except by Death. Upon cessation of such re-employment, except by death, all amounts which become payable subsequent to termination of the period of re-employment under the provisions of the

retirement benefit in effect at the date of re-employment shall be payable as they become due without change or modification. There shall also be payable an additional retirement benefit on account of the period of re-employment consisting of a supplemental pension provided by contributions made by the State and an annuity provided by the contributions credited to the teacher's account during the period of re-employment and any interest credits thereon. The retirement income payments under such additional retirement benefit will be guaranteed for five years and as long thereafter as the member lives unless said member shall have elected a different form of retirement benefit as provided by options listed under C-10-c-(1) through (4) above. The survivor benefits provided in Section 13(e) and the provisions of Section 14(a) of this Act governing the crediting of contributions and interest credits thereon to the purchase of annuity shall apply with respect to such additional retirement benefit. The additional retirement benefit payable on account of the period of re-employment consists of:

- (1) A Supplemental Pension Provided by the State. Such supplemental pension shall be the actuarial equivalent of the excess, if any, as of the effective date of the supplemental pension, of (i) over (ii), where (i) is the pension that would be payable if the member were then going on retirement for the first time on the basis of his actual history of service and earnings to such date, and (ii) is the pension that would be payable if the member were then going on retirement for the first time on the basis of only his service and earnings prior to his period of re-employment.
- (2) An Annuity Purchased by Contributions Credited to Teacher's Account During Period of Re-Employment. The amount of this supplemental annuity shall be determined on the basis of the annual contributions made by the teacher during the period of re-employment and by retirement income payments which become due during such period of re-employment which shall be credited to the teacher's account along with any interest credits thereon.

12. Disability Benefits. Any teacher member subject to the supplemental benefit provisions of this Act, while actually serving as such, may be temporarily or permanently retired for disability on a benefit in accordance with this Act after not less than 10 years of creditable service subject to the following provisions:

- a. When a teacher member is retired for any disability, such retirement shall continue only until such disability is relieved or removed.
- b. No disability payments shall commence unless and until ordered by the Indiana State Teachers' Retirement Fund Board after a medical examination by a physician selected by the Board.

- c. No disability benefit shall be paid to such teacher member after a medical examination made on demand of the Board by a physician selected by the Board and at the expense of said teacher member shall establish to the satisfaction of the Board that such disability is removed.
- d. No benefit shall be paid for any disability of less than six months' continuous duration.
- e. If a disability beneficiary refuses to submit to at least one medical examination in any year by a physician or physicians designated by the Indiana State Teachers' Retirement Fund Board, his benefits shall be discontinued until withdrawal of such refusal and if such refusal continues for one year, all of his rights in and to benefits thereunder shall be forfeited.
- f. Subject to the provisions governing the payment of disability benefits, a teacher member retired for disability shall receive the sum of \$70.00 per month until he attains age 65 unless he elects an earlier retirement date in compliance with the provisions of this Act or chooses to accept the benefits provided by the "Grandfather Clause" as set forth in Section 14(c) of this Act.
- g. When a teacher member shall have become entitled to receive disability payments as provided by this Act, each such payment shall be a charge against the retirement allowance account maintained by the Indiana State Teachers' Retirement Fund Board.
- h. After attaining age sixty-five or after any earlier retirement date so selected, such disability payments shall cease and such teacher member shall thereafter receive the applicable retirement benefits specified in Section 17 of this Act which are set forth under C-10 above.

13. Withdrawal.

- a. Elective Withdrawal. A teacher member, subject to the supplemental benefits of this Act, who ceases to be in service may at any time thereafter and prior to death, retirement, or resumption of service, elect to terminate his membership in the Indiana State Teachers' Retirement Fund under the provisions of this Act except that such election may not be exercised at any time after the teacher member is eligible for retirement.
- b. Automatic Withdrawal. The membership of a teacher member in the Indiana State Teachers' Retirement Fund under the provisions of this Act shall, if said teacher member has less than 7 years of creditable service, be terminated automatically upon the expiration of a continuous period of 5 years during which he performs no service, if not terminated previously by his own election.

c. Payments Upon Termination of Membership.

- (1) Upon Elective or Automatic Termination. Upon termination of membership in the system of which he is a member, whether by election or automatically, the amount of his contributions with any interest credits thereon, shall be paid to him in a single sum.
- (2) Upon the Death of Teacher Member While Not in Service. In the event of death of any member while not in service, the amount which would have been payable to him on termination of his membership shall be paid to his beneficiary if one has been designated, or in the absence of such designation, to his estate. In case no such beneficiary or other person shall claim the same within 3 years after the death of such member, all such money shall be forfeited and the retirement system of which he was a member credited therewith.

14. Accumulation of Service Credits in More Than One Retirement System. An employee with creditable service in any retirement system which becomes subject to this Act, at the time he becomes a member of any other retirement system so subject shall be entitled to retain such service credit and the automatic termination provision of Section 20(a) of this Act (See point C-13-b of this Analysis) shall apply only if the combined creditable service of said employee in said retirement system is less than seven years at the expiration of a continuous period of five years during which he performs no service. With respect to any such employee the last retirement system in which he renders service shall be responsible for payment of the retirement and survivor benefits provided by Section 17 of this Act, based on his total creditable service and the amount of his prior contributions and interest credits thereon in any other retirement system subject to this Act, together with its proportionate actuarial cost of his retirement benefits shall be paid by such system to the system hereby made responsible for the payment of such benefits.

Any employee of the State of Indiana who is now or hereafter becomes a member of the Indiana State Teachers' Retirement Fund, the Public Employees' Retirement Fund or the Field Examiners' Retirement Fund and who has past service as an employee of the State of Indiana which such employee has not been able to claim because such past service was not covered by the retirement fund of which he or she is now or hereafter shall become a member, may claim credit for such past service under the following conditions:

- a. Such past service as an employee of the State of Indiana must either be continuous with present employment or else not separated from present or future employment by any one period of absence from State employment of more than five years. (Service in the Military or Naval forces of the United States shall not be considered as absence from State employment.)

- b. Such employee shall file with the secretary of the retirement fund, under which said service would have been recognized had the employee remained in his past position, an application, in form to be prescribed by the secretary of each fund, describing the dates and nature of service rendered and submitting proof of such service satisfactory to the secretary of the fund in question and such other information as the secretary may require.
 - c. If such employee was formerly a member of the retirement fund which covers the type of employment for which such employee shall seek credit for past service and such employee has in the past withdrawn his contributions, such employee shall repay to the secretary of the fund in question the amount withdrawn provided the withdrawal of contributions occurred before the effective date of this Act. No credit may be claimed where funds were withdrawn after the effective date of this Act.
 - d. All steps required under points C-14-b and C-14-c above must be completed within one year after the effective date of this Act or within one year after re-entry in the employment of the State of Indiana, whichever is later.
15. Actuarial Survey and Certification of Rates of Contribution.
- a. Each board administering a retirement system, the members of which become subject to the supplemental benefit provisions of this Act, shall immediately cause to be made an actuarial survey to establish a sound actuarial basis for the retirement benefits provided herein, taking into account the amounts on hand in the custody of each board from prior contributions of the State and of each political subdivision thereof, and of the members of such system, the retirement and withdrawal benefits herein provided, the years of creditable service of members accrued at the time, the rates of mortality, retirement, employment turnover, interest and earnable compensation, the obligations of each system with respect to previously retired members, and with respect to the minimum guarantee provided in Section 14 hereof, ("Grandfather Clause") and any other actuarial factors relevant to a determination of the amount of annual contribution of the State and each participating political subdivision necessary to carry out the terms and provisions of this Act with respect to the members of said system. At least once in every five-year period thereafter, and in any year in which this Act shall be amended in any manner which affects the amount of the benefits payable hereunder, the actuary for each system shall make an actuarial investigation into the mortality, service and compensation or salary experience of the members of the system and their beneficiaries and shall make a valuation of the assets and liabilities of the retirement benefits fund. The actuarial method to be used in the determination of liabilities and cost hereunder shall be that known as the "entry-age normal cost" method. The retirement systems which become subject to the supplemental benefit

provisions of this Act may employ a common actuary or actuarial service.

- b. Upon the basis of such investigation and valuation each of such boards shall:
 - (1) Adopt for the retirement system which it administers such mortality rates, service and other tables as shall be deemed necessary to carry out the provisions of this Act. The board may adopt a single mortality table for both men and women as the basis for determining the amount of annuity purchasable at retirement by an employee's own contributions and any interest credits thereon, provided that such table shall represent the aggregate rates of mortality which reasonably may be expected among the group of annuitants to whom it shall be applicable.
 - (2) Determine the rates of contribution expressed as a proportion of the compensation of members required to be made by the State and each participating political sub-division for the "normal contribution" to the Retirement Allowance Fund. The "normal contribution" shall be determined as the rates of contribution payable during the members' period of membership after the system becomes subject to this Act, which would be required to provide the employer's portion of the retirement benefits if the amount of the assets held by such board representing past contributions of the employer available for such use were sufficient to fund all accrued liability.
 - (3) Determine the amount of the unfunded accrued liability, being the excess, if any, at any particular time of the total accrued liability over the total assets of the retirement system.
 - (4) Determine the rates of contribution expressed as a proportion of the compensation of members which would be required to be made by the State (a) to provide for the liquidation of the unfunded accrued liability of the State within thirty years of the effective date the system became subject to the provisions of this Act or such other period of years as may be requested by the State Budget Committee or the Governor, and (b) to prevent such unfunded accrued liability from increasing in amount.
16. Appropriations by the State. The amount to be appropriated by the State for any biennium for the purposes of Article III of this Act (Supplemental Retirement Benefit System) shall be the sum of the following:
- a. The amount which will be required by each board administering a retirement system subject to this Act as the "normal contribution" as defined in Section 22(b)(ii) [point C-15-b-(2) of this Analysis] for the biennium required to be paid by the State.

- b. At least the amount required to prevent an increase in the amount of the unfunded accrued liability of the State as defined in Section 22(b)(iii) [point C-15-b-(3) of this Analysis] during said period.
- c. The amount estimated by each such board to be required during such period to carry out the obligations of the State with respect to Sections 13(b), 14(b), and 19 of this Act.
- d. The State's portion of the amount required for administration purposes during the biennium as determined by each such board on the basis of the experience of the fund shall be paid from the State General Fund. Such amount required for administration shall be included in the biennial budget bill of the General Assembly and paid as the operating expenses of other state departments are paid.

The amounts necessary on account of subsections (a), (b) and (c) hereof shall be submitted to the budget committee as one item under the name of the fund administered by the board submitting it, but in connection therewith such board shall certify to said budget committee its determinations pursuant to Section 22(b) of this Act and any actuarial information to support the same requested by said budget committee. The requests for administration expense shall be submitted as operating expenses of other state departments are submitted.

The biennial appropriation to each fund for retirement benefits shall be paid annually in equal instalments in the month of July of each year of the biennium; the appropriation for administration expenses shall be available to the fund beginning with the month of July of each year of the biennium.

- 17. Custody of Securities. Each of the boards administering the affairs of a retirement system which becomes subject to this Act is hereby authorized to enter into an agreement with a trust company or a state or national bank, to provide for the custody and servicing of the securities and other investments under the control and management of such boards. Any such agreement may contain such terms and provisions for the custody and servicing of such securities or other investments as such board may deem necessary or desirable, including without limiting the generality thereof, provisions with respect to the custody, safeguarding or indemnity, servicing, handling and delivery of such securities or other investments, and the payment of taxes, the fees of the custodian and other expenses and payments required in connection therewith. Any person, firm or corporation authorized by the Federal Housing Administration to service mortgage loans guaranteed by the Federal Housing Administration may be authorized by any such board to service any such mortgage which may be held by the fund administered by such board.
- 18. Rules and Regulations. Each of the boards administering a retirement system which becomes subject to the supplemental benefit provisions of this Act, shall make and publish such regulations, not inconsistent with the provisions of this Act,

as it finds necessary or appropriate to the efficient administration of the functions with which it is charged under this Act.

19. Contractual Rights. The obligations created by this Act of the State and each participating political subdivision, with respect to payment of benefits provided herein, shall be contractual with respect to each member of a retirement system becoming subject to its provisions to the same extent as such respective obligations to the members of each system were made contractual by the provisions of the Indiana State Teachers' Retirement Act, The Public Employees' Retirement Act, and The State Board of Accounts Retirement Act, respectively, in force at the time the members of each such system first became subject to the Supplemental Retirement Benefit System.
20. Members of the General Assembly and Other Elected Officials. "Employee" as defined by the Public Employees' Retirement Fund Act as amended (Acts of 1945, Chapter 340, as amended) shall be construed to include any member of the General Assembly and any official elected by a vote of the people when any such person thereafter becomes an employee of the State of Indiana or of any participating unit, and the time served by any such person and the salary paid shall be considered in determining any benefits or rights conferred by the Acts of 1945, Chapter 340, as amended. Any such employee may transfer such credit to any other retirement system which becomes subject to this Act if and when said employee becomes a member of such other retirement system.
21. Effect of Election Not to be Covered by Social Security. Until the members of any retirement system subject to this Act elect to be covered by social security, such system and its members shall remain subject to all the provisions of existing law as though this Act had not been passed.
22. Provisions of Law Controlling. To any extent that the provisions of this Act are inconsistent with the provisions of any prior law, the applicable provisions of this Act shall control and all laws and parts of laws in conflict herewith are hereby repealed to the extent of such conflict.
23. Emergency. Whereas, an emergency exists for the taking effect of this Act the same shall be in full force and effect on and after April 1, 1955.

